



WAN FAZLIN NADIA WAN OSMAN
PENGARAH
PCD

Meeting Notes
PEMUDAH Private Sector Meeting 1/2020
7 April 2020

OPENING REMARKS

- Chairman welcomed and thanked members of the meeting to the first PEMUDAH Private Sector Meeting of 2020.
- Few PEMUDAH meetings scheduled early this year were postponed due to transition of government and movement of top government officials in respective ministries. This includes the appointment of the new KSN which is also the co-chair of PEMUDAH from the public sector. However, PEMUDAH Secretariat and YBhg. Dato' Dr. Ir. Andy Seo, PEMUDAH private sector co-chair, has met the new KSN and brief on PEMUDAH on 6th February 2020.
- PEMUDAH is still relevant and functional as before, albeit the transition of government. PEMUDAH will serve as a platform to escalate industry issues to the government and policy makers. The input from PEMUDAH can assist the government to understand the reality on the ground and to offer the right initiative that could benefit the industry.
- MPC as the secretariat of PEMUDAH will engage with the Minister of International Trade of Industry (MITI) and the Secretary General to reiterate on PEMUDAH's functions and how we can assist the Government of the day to facilitate ease of doing business in the country.
- **Objective of the meeting:** To consolidate inputs from PEMUDAH Private Sector Members on counteractive measures of post-Movement Control Order (MCO)/COVID-19.

DISCUSSION: Issues and challenges related to COVID-19 and Movement Control Order (MCO).

1. GENERAL ISSUES AFFECTING ALL BUSINESSES

No.	Issues & Challenges	Proposed Solution
1	Delay in getting approval and feedback for essential services <ul style="list-style-type: none"> • Too many ministries are involved in the issuance of approval (i.e. MITI and KPDNHEP). • Government officers involved in the approval process do not understand the whole supply chain of the industry that it can be interrelated and affect one another. • The process of approval was lacking in 	<ul style="list-style-type: none"> • MITI (and other related ministries, i.e. KPDNHEP) to give auto approval to all supply chain companies to the essential services to ensure the production of essential goods (such as food products) will not cease. • The principal companies/manufacturers are to identify and list down their supply chain companies and submit to MITI to obtain auto approval. • MITI to be more transparent and to make

	<p>transparency. Industry could not get information on how an application was approved.</p> <ul style="list-style-type: none"> List of approval shared with the public/ industry was not updated (many companies are found missing from the list). Confusion by industry on approval, either it is given to individual companies that applied or to all the supply chains. 	<p>available to the public on the list of approved as well as not approved companies.</p> <ul style="list-style-type: none"> MITI to form joint-ministerial taskforce for approval and coordinated by MITI. Private sector representatives are suggested to be included in the taskforce.
2	<p>Post – covid effect on SMEs sector</p> <ul style="list-style-type: none"> SMEs are the most affected due to covid-19 	<ul style="list-style-type: none"> Comprehensive documents on approval list which includes the SMEs
3	<p>Inefficient public sector delivery during and post-MCO</p>	<ul style="list-style-type: none"> Government to continue digitalization of their service (e,g: online meeting, digital form) A circular to allow inter-connectivity of every government agencies
4	<p>Stimulus Package</p> <ul style="list-style-type: none"> Focuses on SMEs Too many condition to abide to Businesses need to operate for at least 6 months to be eligible for assistance - this will kill start-ups Unnecessary condition to comply with 	<ul style="list-style-type: none"> Wage subsidy should be provided to all companies irrespective of SME as everyone is suffering from cash flow issue to sustain. Less incentive given to the tourism sector. This sector should given priority because could contribute quick turn over for economy
5	<p>Collection of parcel rent by municipalities</p>	<ul style="list-style-type: none"> Municipalities with surplus should offer deferment on parcel rent and other local government tax during COVID-19 crisis until end of the year PEMUDAH to discuss and submit proposal to JKPTG The proposal will be brought to KSN, which is also the Chairman of Majlis Tanah Negara
6	<p>Deferment of KWSP contribution by employers</p> <ul style="list-style-type: none"> Businesses unclear whether KWSP offer deferment or exemption for 6 months 	<p>PEMUDAH to clarify with KWSP representatives</p>
7	<p>Minimize legal litigation towards contractual property</p>	<ul style="list-style-type: none"> Government to enact COVID-19 bill for Malaysia OR

		<ul style="list-style-type: none"> Propose to government to issue blanket extension for contracts to avoid litigation TWGEC to check on the status with AG
8	Management of Foreign Workers (FW)	<ul style="list-style-type: none"> Government also need to look issue on the management of foreign workers during and after MCO across all sectors to avoid havoc later FW to undergo Covid-19 test

2. MANUFACTURING

No.	Issues	Proposed Solution
1	Mismatching of demand and supply result <ul style="list-style-type: none"> Delay in fulfilling orders for customers 	<ul style="list-style-type: none"> Allow manufacturing sector and construction sector to operate more than 50% capacity Auto approval for supplier in the whole supply chain Allow design engineer to work from home and factory, by batch for E&E sector
2	Confusion on engineering support for essential services <ul style="list-style-type: none"> Within the aviation industry those in this sector offering engineering services as an important part of the airline support supply chain found it difficult to be granted approval unless they offered support to the defence sector. 	To ensure that engineering support industries are differentiated to those in pure manufacturing when granting exemptions.

3. RETAIL

No.	Issues	Proposed Solution
1	No sales and revenues for retails services <ul style="list-style-type: none"> No targeted assistance for retail service affected by MCO Small subsidy by government 	<ul style="list-style-type: none"> Municipalities to waive of licensing fees for at least a year Offer discount Waive off conditions Company only allow to claim if sales 50% below. Even the sale above 50%, the company could not cover the fixed cost

2	Shopping mall did not benefit much from electricity tariff discount	<ul style="list-style-type: none"> • TNB to waive condition for subsidy application •

4. CONSTRUCTION

No.	Issues	Proposed Solution
1	Construction activity must continue during MCO <ul style="list-style-type: none"> • It is estimated the construction industry will lose RM11.0 Billion per month 	<ul style="list-style-type: none"> • Government can simplify all construction related approval under One Stop Centre and not split into different levels for example the need to get approval letters from Ministry of Works (MOW), Department of Occupational Safety and Health (DOSH), Ministry of Health (MOH), local authorities and Police Force (PDRM). This must be iron out before work is resumed • Consultant should be given permission to go to site to evaluate the progress of work so that payment can be make. • The authorities may also consider giving approvals for 24 hours shift in construction site not close by to sensitive and residential area to catch up on loss time and increase turnover. • Government need to launch some of the major infrastructure projects without delay as it will provide catalyst to the growth of the industry and the economy of the country as a whole.
2	Minimize legal litigation towards contractual property	Government to consider making announcement to make it illegal for a client to sue their contractual parties for not able to fulfil their contractual obligation due to covid-19 pandemic for both government and private projects. This will help the construction industry to avoid unnecessary contractual issues and litigation at later stage.

3	Delay in getting GST refund	<ul style="list-style-type: none"> • RMCD should consider the refunds are to be made for GLCs and companies with good track records upon the completion of desktop verification audits and the field audits could be conducted within 6 years. The percentage amount of such refunds is to be determined by MOF. • Government should release the GST payments which was still withheld to the construction industry to ease the cash flow. • The amount is approx. RM 75 mil. Tax refund should also be considered to be released by government. • The delay of GST refund was due to constraints of MOF policy on audit. It was suggested that Customs to implement audit based on risk-based approval.
4	Release of retention fund (Liquidity Issue)	Retention fund for projects undertaken should be release by government and GLCs in place of Bank or Insurance Guarantee.
5	Reduce financial burdens	<ul style="list-style-type: none"> • Government should ensure reduced payment requirements on work permits or other financial payment requirements that involves local authorities and utility companies. • All bank facilities should not be withdrawn and interest rate need to review and lower further and guaranteed by the government for at least 2 years. • Construction industry Development Board Malaysia (CIDB) levy to be paid in 5 instalments basis. 1st payment to be paid after receiving 3rd payment. This is to ease the cash flow. • As material cost is expected to increase due to the breakdown in supply chain because of COVID-19 and MCO, Government should look into how to help contractors overcome this issue. Propose Government to do differ GST for a period at least 2 years, given that the profit

		margin in construction is only single digit.
6	Accreditation of construction industry workers	All compulsory accreditations for the construction industry including for workers, Site Supervisors and Certified Construction Managers to be differ for another 3 years or so to help the industry cutting business cost unless CIDB can do for free.

5. DIGITAL

No.	Issues	Proposed Solution
1	Disturbance of E-commerce operation during MCO <ul style="list-style-type: none"> Under MCO, delivery for non-essential goods was not allowed Did not get approval for delivery of online service 	<ul style="list-style-type: none"> Establish OSC to solve issues on delivery of essential and non-essential services. Enable logistics for essential and non-essential services.
2	Funding, cash flow <ul style="list-style-type: none"> Most venture capitalists cannot sustain company especially start-ups company (40%) 	Government to offer funding in the form of convertible notes.
3	Transform government towards digitalisation (Digital government)	<ul style="list-style-type: none"> Enforced public sector service toward digitalisation for eg. online meeting

6. EDUCATION

No.	Issues	Proposed Solution
1	Reduce financial burden for private higher education institution	<ul style="list-style-type: none"> Application for new courses fees and accreditation fees are high. We are trying to ask them to review to waive during this difficult period and reduce thereafter. EMGS application fees to be waived so can attract foreign students back free visa extension because of MCO. Some visas expired whilst students are back home some need to extend

		because MCO cause delay in completing program, some new students have approval to come but can't because of lockdown of foreign students coming in and will have to reapply he's visa approval which involve new EMGS application fees and visa fees.
2	Online training/E-learning	Currently MQA allowed for virtual education. Also, MQA has issued a circular to allow higher education institute to conduct online training/E-learning

WAY FORWARD

1. PEMUDAH Secretariat will prioritize issues and put forward a proposal paper to Senior Minister of International Trade and Industry, KSN and KSU MITI which focuses on three major areas, namely:
 - a. Logistics value chain (Dato' Seri Wong)
 - b. Tax and GST refund (TWGPT/ Dato' Chua)
 - c. Waive of local government taxes (TWGSAB /Tan Sri Rahman)
2. PEMUDAH Secretariat will advise KSN to conduct meetings online.

ATTENDANCE LIST

Chairman

1. YBhg. Dato' Dr. Ir Andy K H Seo
PEMUDAH Co-Chair
Vice President, Federation of Malaysian Manufacturers (FMM)

PEMUDAH Private Sector Co-Chairs

1. YBhg. Tan Sri Dato' Abdul Rahman Bin Mamat
Chairman, Asia Logistics Council
2. YBhg. Tan Sri Dato' Soh Thian Lai
President, FMM
3. YBhg. Tan Sri Dato' Teo Chiang Kok
Deputy Secretary General I, ACCCIM
4. YBhg. Dato' Seri Wong Siew Hai
Chairman, Malaysian American Electronics Industry
5. YBhg. Dato' Pardip Kumar Kukreja
Chairman, Paradise Group
6. YBhg. Dato' Chua Tia Guan
Executive Director, Asia Business Centre
7. Mr. Ganesh Kumar Bangah
Immediate Past Chairman PIKOM
8. Mr. David Anthony Jones
Managing Director, APAC Chartered Management Institute
9. Mr. Foo Chek Lee
President, Malaysian Master Builders Association

Absent with apologies

1. YBhg. Tan Sri Azman Shah Dato' Seri Harun
President, MEF
2. YBhg. Datuk Wira Jalilah Baba
Group Chairman, PKT Logistic Groups Sdn. Bhd

PEMUDAH Secretariat

1. YBhg. Dato' Hj. Abdul Latif Hj Abu Seman
Director General, MPC
2. Mr. Zahid Ismail
Deputy Director General, MPC
3. Ms. Wan Fazlin Nadia Wan Osman
PEMUDAH Secretariat
4. Mr. Muhd Adha Abd Hamid
PEMUDAH Secretariat
5. Ms. Nurul Farahaton Najihan Jusoh
PEMUDAH Secretariat
6. Ms. Rabiatul Hana Ishak
PEMUDAH Secretariat